

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 USIA-15 L-03 CU-04 SS-20

MMS-03 XMB-07 CIAE-00 INR-10 LAB-06 NSAE-00 PA-04

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DRAFTED BY ARA/ECP:EMCOHEN:JD

APPROVED BY ARA/ECP:WEKNEPPER

ARA/EP :MFRECHETTE

EB/CBA/OCA:JSIMMONS

COMMERCE:OIM/BIC:WSLYNCH

COMMERCE:OIM IC:HLINDOW

USIA/ILA:LBESTES

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: BEXP, AFSP, PE

SUBJECT: FY 1974 COMMERCIAL ACTION PROGRAM (CAP) PERU

REF: (A) LIMA 9102; (B) LIMA 9106; (C) LIMA 9322;

(D) STATE 23102

1 ACTION STAFF FOR PERU CAP HAS BEEN ESTABLISHED AS
FOLLOWS:

FROM STATE - ARA/EP, OFFICER IN CHARGE OF PERUVIAN AFFAIRS,
MYLES FRECHETTE; ARA/ECP, DEPUTY REGIONAL COMMERCIAL
COORDINATOR, EDWARD M. COHEN; EB/CBA/OCA, LIAISON OFFICER
FOR ARA, JOHN SIMMONS

FROM COMMERCE - OIM/BIC, DEPUTY ASSISTANT DIRECTOR, WILLIAM
S LYNCH; PERU COUNTRY SPECIALIST, HERBERT LINDOW

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FROM USIA ILA, PERU PROGRAM OFFICER, LAWRENCE B. ESTES

2 ACTION STAFF HAS CAREFULLY REVIEWED EMBASSY'S PROPOSED CAP (REFTEL A), AND SUBMITS FOLLOWING COMMENTS:

(A) ON THE WHOLE, CAP IS COMMENDABLY REALISTIC, FINELY-FOCUSSED AND WELL REPAIRED

(B) ACTION STAFF IS WELL AWARE OF CONSTRAINTS IMPOSED ON CAP BY CURRENT EX IM BANK LIMITATIONS ON GUARANTIES AND DIRECT CREDITS TO PERU. WE ARE IN NO POSITION TO PROGNOSTICATE PROSPECTS FOR REMOVAL OF THESE LIMITATIONS, BUT IF AT LEAST SOME AMELIORATION OF THEM IS ACHIEVED DURING FY 1974 WE WOULD REQUEST EMBASSY TO EXPAND AND INTENSIFY THE CAP ACCORDINGLY

(C) RE OBJECTIVE ONE, ACTION ONE, WE COMMEND EMBASSY FOR ITS INITIATIVE IN PRESSING FOR U.S. PARTICIPATION IN TECHNOMIN '74 FAIR AS REPORTED TO EMBASSY IN REFTEL D, STATE AND COMMERCE ARE TO MEET DURING SECOND WEEK FEBRUARY TO CONSIDER THIS MATTER, AND RESULTS WILL BE CABLED SOONEST. ACTION STAFF SUPPORTS EMBASSY'S PROPOSAL, AND WILL PRESS FOR FAVORABLE RESPONSE

RE ACTION TWO, IF DECISION IS FAVORABLE FOR U.S. PARTICIPATION IN TECHNOMIN FAIR, WE ENCOURAGE EMBASSY TO GET EARLIEST POSSIBLE START ON ACTION TWO.

(D) RE OBJECTIVE TWO, COMMERCE LOOKS FORWARD TO RECEIVING TRADE OPPORTUNITY REPORTS AS PER ACTION TWO. IN FURTHER SUPPORT OF THIS OBJECTIVE, THE ACTION STAFF PROPOSES ADDING AN ACTION THREE: "IN EMBASSY'S COMMERCIAL NEWSLETTER, SEEK TO INCLUDE SPECIAL ARTICLES ON U.S. MATERIALS HANDLING EQUIPMENT, AND ASSURE THAT THESE ARTICLES ARE DISTRIBUTED TO AS MANY AS POSSIBLE PROSPECTIVE CUSTOMERS THROUGHOUT PERU. COMMERCE TO SEEK TO SUPPLY INFORMATION FOR THESE ARTICLES. USIS TO ASSIST IN PREPARING THE ARTICLES AND DISTRIBUTING THE NEWSLETTER."

(E) RE OBJECTIVE THREE, COMMERCE LOOKS FORWARD TO RECEIVING AS MANY AS POSSIBLE TRADE OPPORTUNITY REPORTS
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RESULTING FROM ACTIONS ONE AND TWO.

(F) RE OBJECTIVE FOUR, WE REQUEST EMBASSY TO SUBMIT ASAP, IF NOT ALREADY SUBMITTED, ITS RECOMMENDATIONS AS PER ACTION TWO. RE ACTION THREE, AS ELABORATED IN REFTEL C, ACTION STAFF WILL SEEK MOST FAVORABLE POSSIBLE RESPONSE FOR EMBASSY'S RECOMMENDATIONS RE REDUCTION CERP REQUIREMENTS, UPON RECEIPT AS PER ACTION ONE. ACTION STAFF WILL

ALSO SEEK TO SCREEN OUT ALL BUT THE MOST ESSENTIAL REQUESTS TO THE EMBASSY FOR BURDENSOME ONE TIME REQUESTS, ALTHOUGH SUCH REQUESTS ARE NORMALLY WELL JUSTIFIED FOR

SUPPORT OF PROSPECTIVE SIGNIFICANT COMMERCIAL EFFORTS ON THIS END AND/OR AT POST. WE ATTACH HIGH PRIORITY TO MARKET RESEARCH ACTIVITIES, BECAUSE THEY TEND TO YIELD MORE AND BETTER RETURNS THAN DO MOST ALTERNATIVE USAGES OF AVAILABLE MANPOWER AND RESOURCES, AND WE THEREFORE ENCOURAGE EMBASSY TO KEEP THE DESIGNATED FSL FREE TO DEVOTE FULL (REPEAT FULL) TIME TO HIS FUNCTIONS AS A ONE AND MARKET ANALYSIS UNIT (MAU). ALSO IN CONNECTION WITH OBJECTIVE FOUR, WE ARE PLEASED TO NOTE THAT EMBASSY'S ECONOMIC/COMMERCIAL STAFF HAS BEEN AUGMENTED IN RECENT MONTHS AS HAD BEEN RECOMMENDED IN THE INSPECTOR'S MEMORANDUM LAST JUNE, AND THAT SUBSTANTIAL INCREASES HAVE BEEN ALLOTTED TO EMBASSY (VIA STATE'S DS 50 , CHANGE NUMBER , DATED DECEMBER 28, 1973) FOR COMMERCIAL TRAVEL, LIBRARIES AND NEWSLETTERS.

(G) EMBASSY MAY WISH TO CONSIDER ADOPTING, UNDER THE CAP, A TECHNIQUE INITIATED AT EMBASSY BOGOTA UNDER THE PILOT FY 1974 COMMERCIAL PROGRAM THERE, NAMELY: DESIGNATING THE ENTIRE COUNTRY TEAM AS A "LOOK-OUT STAFF FOR MAJOR COMMERCIAL OPPORTUNITIES," AND REQUESTING EACH MEMBER TO REPORT, AT ONE COUNTRY TEAM MEETING A MONTH, ON MAJOR OPPORTUNITIES DETECTED BY THE RESPECTIVE MEMBER OR HIS OR STAFF. IF EMBASSY DECIDES TO TRY THIS, WE PROPOSE THAT EMBASSY ADD AN OBJECTIVE FIVE TO THE CAP, READING: "EXPAND AND INTENSIFY EMBASSY'S EARLY-WARNING SYSTEM FOR DETECTION OF MAJOR COMMERCIAL OPPORTUNITIES"; AND, IN REPORTING THIS TO US, LIST THE SPECIFIC ACTIONS INITIATED ALONG THE LINES INDICATED ABOVE

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(H) REVERTING TO THE TOPIC OF MARKET RESEARCH, TOUCHED UPON IN SUBPARA. (F) ABOVE, WE HOPE THAT THE ACTIVITIES OF THE MAU WILL PROMPTLY SERVE TO IDENTIFY AT LEAST ONE MORE U.S. PRODUCT OR SERVICE FOR WHICH THE NEAR TERM PROSPECTS FOR INCREMENTAL SALES IN PERU ARE ESPECIALLY FAVORABLE, SO THAT A NEW OBJECTIVE CAN BE ADDED TO THE FY 1974 CAP, CALLING FOR INCREASED SALES OF THIS TARGET OF OPPORTUNITY OR TARGET INDUSTRY. ACCORDINGLY, WE PROPOSE THAT BY MARCH 15 THE EMBASSY CABLE TO US THE TEXT FOR THIS ENVISAGED ADDITIONAL OBJECTIVE, SPECIFYING THE TARGET U.S. PRODUCT OR SERVICE, AND LISTING THE SPECIFIC ACTIONS TO BE TAKEN IN ORDER TO EXPAND SALES OF IT IN PERU. ONE SUCH ACTION MIGHT BE, IF FEASIBLE, THE PREPARATION OF A DESK STUDY TO BE SUBMITTED BY MARCH 31

3. WE LOOK FORWARD TO RECEIVING ASAP YOUR RESPONSE TO THE
SUBSTANTIVE POINTS RAISED ABOVE. THE ACTION STAFF ALSO

LOOKS FORWARD TO RECEIVING THE MONTHLY REPORTS OF THE TASK
FORCE ESTABLISHED BY THE EMBASSY (REFTEL B), AND WE
ENCOURAGE THE EMBASSY TO COMMUNICATE WITH EACH OR ANY OF
US WHENEVER THE EMBASSY FEELS A NEED FOR SPECIAL SUPPORT
IN WASHINGTON ON A MATTER OF IMPORTANCE FOR THE SUCCESS
OF ITS COMMERCIAL ENDEAVORS. KISSINGER

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